



**Texas Department of Insurance, Division of Workers' Compensation**  
7551 Metro Center Drive, Suite 100 • Austin, Texas 78744-1609

## MEDICAL DISPUTE RESOLUTION FINDINGS AND DECISION

### PART I: GENERAL INFORMATION

**Type of Requestor:** ( X ) Health Care Provider ( ) Injured Employee ( ) Insurance Carrier

Requestor's Name and Address:  
Vista Medical Center Hospital  
4301 Vista Road  
Pasadena, Texas 77503

MDR Tracking No.: M4-04-3461-01

Claim No.:

Injured Employee's Name:

Respondent's Name and Address:  
Fireman's Fund Insurance Company  
Box 19

Date of Injury:

Employer's Name: Lodging Host Hotel Corp

Insurance Carrier's No.: 67000925486

### PART II: REQUESTOR'S PRINCIPLE DOCUMENTATION AND POSITION SUMMARY

Vista Medical Center Hospital charges these services at a fair and reasonable rate. Vista charged \$31,357.90 for these outpatient services. These rates are based on a comparison of other charges to other carriers and the amount received for the same or similar services. This is supported by a managed care contract with "Focus" that reimburses at a 70% rate of charges. At the very minimum, the carrier should pay 70% of what the amount charged. The provider supplied billing information, medical reports, and some partial information on purported network reimbursement contracts.

### PART III: RESPONDENT'S PRINCIPLE DOCUMENTATION AND POSITION SUMMARY

The carrier paid the provider \$16,815.78 after comparing the amount charged to the "fair and reasonable" reimbursement amount for the particular geographical area. The carrier has determined that this amount is equal to or greater than the fair and reasonable reimbursement for this service. The payment made is based upon the bill reviewer's database regarding outpatient surgery charges for the area. The provider must prove that the reimbursement received is not fair and reasonable and the provider has not met their burden of proof. The carrier provided the explanation of benefits and a narrative explanation regarding their position and the provided reimbursement.

### PART IV: SUMMARY OF DISPUTE AND FINDINGS

Date(s) of Service	CPT Code(s) or Description	Part V Reference	Additional Amount Due (if any)
11/22/2002	Outpatient Surgery		\$0.00

### PART V: MEDICAL DISPUTE RESOLUTION REVIEW SUMMARY, METHODOLOGY, AND/OR EXPLANATION

This dispute relates to outpatient surgical services provided in a hospital that are not covered under a fee guideline for this date of service. Therefore, the reimbursement determined through this dispute resolution process must reflect a fair and reasonable rate as described in Texas Labor Code §413.011 to achieve, in part, access to medical care and effective medical cost control. This case involves a factual dispute about what is a fair and reasonable reimbursement for the services provided.

While the requestor's position is that their purported charges are fair and reasonable, this is not supported by any reasonable information or data. In order to adopt and administer a hospital-specific reimbursement system, the Centers for Medicare and Medicaid Services (CMS) has implemented stringent cost and charge reporting requirements for hospitals. A particular outcome of this reporting system is the publication of hospital specific cost-to-charge ratios based on the actual data

submitted by the individual hospitals. In contrast to the requestor's position, it is noted that the Center for Medicare and Medicaid Services has established a cost to charge ratio of 20:100 for this particular facility. This finding tends to show that the amount charged by this facility is much greater than the actual costs for providing the services. Accordingly, even a reimbursement of 70% of the charges would not appear to be fair and reasonable, given the lack of any documentation to support the bases for the charges.

Another guiding principle for determining a fair and reasonable reimbursement amount is the other provision in Texas Labor Code §413.011(d), which states that any guideline may not provide for payment of a fee in excess of the fee charged for similar treatment of an injured individual of an equivalent standard of living. Comparisons of both the Medicare outpatient ambulatory payment classifications (APC) reimbursement methodology and the Medicare ambulatory surgery center (ASC) reimbursement methodology shows that the insurance carrier paid substantially more than would have been paid under that health care system, based upon the information contained in the UB-92 (the hospital bill containing the charges). In this situation, it appears that the insurance carrier paid an extremely fair amount for reimbursement for these services. While the insurance carrier provided limited information regarding the source of their data, the outcome provided an adequate reimbursement amount to the provider.

Based upon the information provided with this dispute, I find that the "fair and reasonable" reimbursement amount is the amount previously paid by the insurance carrier and no additional reimbursement is due.

#### **PART VI: GENERAL PAYMENT POLICIES/REFERENCES IMPACTING DECISION**

Texas Labor Code §413.011

#### **PART VII: DIVISION DECISION**

Based upon the documentation submitted by the parties and in accordance with the provisions of Texas Labor Code, Sec. 413.031, the Division has determined that no additional reimbursement is due.

Issued by:

Allen C. McDonald, Jr.

September 29, 2005

Authorized Signature

Typed Name

Date of Order

#### **PART VIII: YOUR RIGHT TO REQUEST JUDICIAL REVIEW**

Appeals of medical dispute resolution decisions and orders are procedurally made directly to a district court in Travis County [see Texas Labor Code, Sec. 413.031(k), as amended and effective Sept. 1, 2005]. An appeal to District Court must be filed not later than 30 days after the date on which the decision that is the subject of the appeal is final and appealable. The Division is not considered a party to the appeal.

**Si prefiere hablar con una persona en español acerca de ésta correspondencia, favor de llamar a 512-804-4812.**